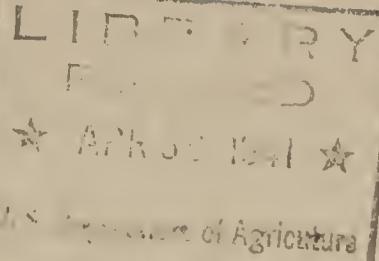


Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

1.42
EATR

FACING THE WHEAT PROBLEM



(An electrically transcribed report by W. G. Finn, Director, East Central Division, Agricultural Adjustment Administration, on the wheat marketing quota referendum to be held May 31, 1941.)

ANNOUNCER:

Are you a wheat grower? If you are, this discussion is for you. We're going to talk with Mr. W. G. Finn, Director of the East Central Division of the Triple-A, about the coming referendum on wheat marketing quotas.

Mr. Finn, I know that your responsibility for the operation of the Triple-A program in the East Central States has given you an opportunity to study the wheat situation in the United States and elsewhere. Let's see if we can develop a picture of why wheat growers in this section should be interested in wheat marketing quotas. To begin with, what's the meaning to wheat growers of the war, and the aid-to-democracies program?

MR. FINN:

The war and the aid-to-democracies program have intensified the problems facing wheat farmers. Export markets have been practically cut off by blockade, at least for the time being. Great Britain can draw her wheat supplies from the over-full granaries of Canada and Australia. From us, she wants armaments and certain foods -- animal products, vegetables, and fruits -- but not wheat. The whole country is out to aid the democracies, and some groups both in agriculture and industry will have to increase their output to do their part. But this doesn't change the wheat picture. In the United States we have nearly twice as much wheat as we can possibly use. And the democracies will not be able to take enough wheat to affect our surplus wheat problem.

ANNOUNCER:

On that point, Mr. Finn, are you taking into account the possibility that the blockade might somehow be lifted?

FINN:

Yes, fully. Even if trade should pick up again, there's this to remember: The world is full of wheat. Canadian granaries are so full that their farmers are required to make a 35 percent cut in acreage this spring. Australia had a poor crop last year, but still has a surplus. So this year Australia is using a license system to prohibit any increase in acreage. These are just two of the big wheat countries. All in all, for every bushel of wheat the importers will buy, exporters have 3 bushels for sale.

ANNOUNCER:

A supply three times as big as the demand! But as you say, that's the world condition. And the average American wheat grower might just ask, "Well,

what of it!" Hasn't he always felt he's a long way from world markets?

FINN:

Yes, but the American wheat farmer isn't as far from the world market as he sometimes thinks. In the past, when things were normal, the price of wheat in the United States was based on what our wheat would bring on the world market. Fortunately, that hasn't been the case in the last 3 years. Wheat prices in other parts of the world have been the lowest in history. It's our wheat program that has spelled the difference here. The wheat program in the United States has protected American farmers from the worst effects of this world wheat situation.

ANNOUNCER:

Just a minute now ... let's see if I've got all that. You're saying the world price is very low, and that without the program the American wheat farmer would be getting the world price?

FINN:

That's right. Of course, you can hardly say that there is a world price. But you can safely say that if our price depended entirely on world conditions, it would be about 30 cents a bushel. The wheat program -- especially the loan -- is holding our price of wheat above the world level today. Wheat growers can't afford to forget that. The program is the prop under our wheat price. And to take away this prop is to invite disaster for hundreds of thousands of farmers.

ANNOUNCER:

We know that bombs have hurt the wheat trade; you might say the program has been, for American producers, a sort of a bomb shelter.

FINN:

It has been a shelter. And it has worked so well that a great many farmers don't realize to what extent they've been sheltered. Which is all right, as long as everything goes well. But I feel that in the months to come the American wheat farmer just can't take a chance on losing his price protection. And that's exactly what would happen if farmers ignored the surplus and permitted it to crush both the program and the price. If there ever was a time when wheat farmers couldn't afford to sell their wheat at the world price, it's now. But the pressure of surplus has grown. Consequently, if we're going to maintain domestic prices, we must handle the surplus so as to reduce the pressure it exerts on prices.

ANNOUNCER:

I take it that, in spite of the growing pressure of surplus wheat, you don't regard the outlook for the wheat grower in this country as hopeless.

FINN:

Certainly not. The wheat grower has one protective device he hasn't even tried yet. And that's the marketing quota. Back when Congress drew up the farm act, it included several measures to aid the wheat farmer. The acreage allotment, the wheat loan, and marketing quotas. The allotment and the loan were intended for normal times. They are already in use. The marketing quota provision was added as a sort of a safety valve for times of emergency. It enables the farmers to handle excess supplies built up by above-normal yields, or sudden decreases in the market.

ANNOUNCER:

The Secretary of Agriculture, I understand, puts the marketing quota program into operation by means of a proclamation.

FINN:

That's just part of the story. When the surplus goes too high, the Agricultural Adjustment Act requires that a quota must be proclaimed. But the wheat farmers themselves decide whether or not they want to use the quota. That's what they will vote on in the national referendum on May 31.

ANNOUNCER:

Well now, let's go into the question the farmers are going to decide. Naturally, the wheat growers remember when we had a big surplus and no farm program -- when many of them ~~want~~ broke selling wheat for around 30 cents. They want to prevent any such disaster from happening again. But to see whether marketing quotas can do the job, we need to see just how quotas operate.

FINN:

All right. Here's what quotas do. First, they keep part of the surplus in storage and off the market. That's as important to farmers in this region as it is to the Great Plains States and the Wheat Belt, because the total market supply influences the price throughout the country. Second, the quota makes it possible to use the loan as a price support. Under the law, Government loans are prohibited if the quota is not approved. This, of course, is to protect the value of the collateral for the loan.

ANNOUNCER:

You've pointed out that if quotas are voted down, loans cannot be made and there will be nothing to prevent wheat prices from going down to the world level. Now suppose quotas are approved. What will that mean? How much can the farmer sell under his quota?

FINN:

All farmers will be able to sell all the wheat they raise on their acreage

allotments. And all the old wheat they are carrying over from other crops. In other words, if a man has seeded within his acreage allotment, he can sell all his wheat in any way and at any time he wants to. And in addition, he is eligible for a Government loan on his wheat.

ANNOUNCER:

What about the man whose wheat acreage exceeds his allotment?

FINN:

The noncooperator can sell all he raises on his allotment, just like the cooperator. He also can sell his excess wheat, but he has to pay a penalty on it. If he decides to store his excess wheat, he may obtain a Government loan on it, though at a lower rate than that offered the cooperator. The quota provides protection for the large majority of farmers who comply with the acreage allotment. These growers are working to keep supplies on a sound basis, and the quota gives them assurance that their efforts won't be canceled out by a few noncooperators, flooding the market with surplus wheat.

ANNOUNCER:

Well, look -- going back to the wheat loans you mentioned, it's true, isn't it, that the farmers in this section have not generally used Government loans for their wheat?

FINN:

Yes, that's true.

ANNOUNCER:

Then it wouldn't make any difference to them whether loans were available or not.

FINN:

Oh, but it would make a lot of difference. Here's why: First, the East has thousands of wheat farmers. For the most part, their acreages are small, but their wheat money is important to them just the same. They may not get loans on their wheat, but they DO need to get a decent price for it. And loans which protect the income of farmers in the Wheat Belt also protect the income of wheat growers in the East. But when wheat prices collapse nobody can get a decent return for wheat. Further, any such collapse would be a blow to agriculture generally. A low income for one group of farmers is hard on all farmers.

ANNOUNCER:

I guess that's why the farm program is run on a national scale.

FINN:

Obviously. One part of the country has got to pitch in and help another part when it becomes necessary. Farmers in other sections have always come along with our farmers on cotton and tobacco programs. That was to their advantage as well as ours. Now it's to the advantage of Eastern and Southern farmers to help meet a national wheat problem.

ANNOUNCER:

There's just one more thing, Mr. Finn, that I want to ask on behalf of the listening wheat growers. A year ago, when the wheat acreage goal was set, why wasn't it then set low enough to avoid this surplus we have now?

FINN:

I'm glad you asked that question. We know now that we could have gotten along this year with a smaller acreage allotment than we have. But the spring of 1940, when this year's allotment was set up, was no time for taking chances. Wheat is food. And wheat farmers didn't take chances. They set their allotments to plant as much wheat as they did the year before, even though it was practically certain that our world market was gone, at least for the time being. They were willing to do that because they knew measures were available for handling the reserves in case no need developed for the wheat. Now, of course, the time has come for farmers to decide about the use of those measures.

ANNOUNCER:

And in the quota referendum on May 31, they will decide just how they are going to handle the big supply.

FINN:

That's it exactly. And the whole Nation has an interest in the outcome. Now that wheat growers have provided so abundantly for the needs of consumers, it is a concern of all citizens that the growers' income should not suffer because of it. Furthermore, impoverished farmers provide a mighty poor market for the products of towns and cities, and factories and industrial centers.

ANNOUNCER:

It's important then that the wheat farmer exercise his right to vote in the referendum.

FINN:

You bet it is. And to the wheat farmer I say: Go to your local AAA committeeman and find out from him whether or not the quota will apply to you. If it does, you have not only the right but the responsibility to vote in the referendum. Get the facts and study them. Then go to your community polling place on May 31 and cast your vote. That's the American way to meet your problem.

ANNOUNCER:

Ladies and gentlemen, in this discussion of the wheat problem and the coming referendum on wheat marketing quotas, you have heard Mr. W. G. Finn, Director of the East Central Division of the Agricultural Adjustment Administration. Let me remind you that the day to vote in the wheat marketing quota referendum is Saturday, May 31.

----- o -----

THREE 1-MINUTE STATEMENTS BY W. G. FINN ON WHEAT QUOTAS

I

ANNOUNCER:

Wheat growers will vote on marketing quotas in a referendum Saturday, May 31. Before they vote, growers in the East Central Region want to know how the outcome of the voting will affect them. This is explained briefly by Director W. G. Finn of the Triple-A East Central Division. Mr. Finn.

FINN:

If quotas are approved, the price of our 1941 wheat crop will be protected by loans. If quotas are voted down, there will be no Government loan or other support to keep American wheat prices from going down to world levels. Although Eastern farmers have not put much of their wheat under loan, they have greatly benefited from these loans.

The Triple-A farm program is a national program and it succeeds through cooperation by farmers of all regions. Although we sometimes speak of the tobacco program, the cotton program, and the wheat program, as if each were separate, in reality, they're like the cylinders of an engine. The engine works properly only if all the cylinders function.

The wheat program is important to farmers in the East Central States. If you're a wheat grower, be sure to vote in the referendum on Saturday, May 31.

#

II

ANNOUNCER:

United States farmers will vote on wheat marketing quotas in a referendum May 31. One question on which they'll base their vote is this: How much wheat can a farmer sell under his quota? The answer comes from the Triple-A East Central Regional Director, Mr. W. G. Finn.

FINN:

All farmers will be able to sell all the wheat they raise on their acreage allotments. In other words, if a man has seeded within his acreage allotment he can sell all his wheat in any way and at any time he wants to. And he is eligible for a Government loan on all his wheat. Now, the noncooperator can also sell all he raises on his allotment without penalty. He can sell his excess wheat, too, by paying the penalty on it. Or he may store his excess and obtain a loan on it, but at a lower rate than the loan to cooperators.

The large majority of farmers are working together to keep supplies on a sound basis. The quota gives them assurance that all their efforts will not be canceled out by a few noncooperators flooding the market with surplus wheat. If you are a wheat farmer, go to the poll in your community on May 31 and vote in the referendum.

#

III

ANNOUNCER:

Will the new food plan for aiding the democracies relieve the wheat surplus? Here's the answer from W. G. Finn, East Central Division Director of the Triple-A. Mr. Finn.

FINN:

I'd like to be able to say that the lend-lease act will be of real help to the wheat farmer, but I'm afraid that is not the case. It is true that the democracies do need food from us, but they will not take enough wheat to affect our surplus problem. And here are the reasons:

In the first place, these countries want the quick-energy foods like meat, eggs, butter, fruits and vegetables. They want concentrates that can be packed into a small amount of shipping space. Second, they will get the wheat they need closer to home or from within the Empire. For example, Great Britain surely will turn to Canada for her wheat - and Canada could furnish Britain with a 2-year supply right now.

Wheat farmers need to consider these facts when they vote in the wheat marketing quota referendum on Saturday, May 31.

#

Issued by Division of Information, A.A.A.
April 1941.